(7)

Supreme
FILED
APR 14 2004
OFFICE OF THE CLERK

03-409

IN THE

Supreme Court of the United States

KP PERMANENT MAKE-UP, INC.,
Petitioner,

v.

LASTING IMPRESSIONS I, INC.;
MCN INTERNATIONAL, INC.,
Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

AMICUS CURIAE BRIEF OF THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF REVERSAL

RICK D. NYDEGGER
President
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION
2001 Jefferson Davis Hwy.
Suite 203
Arlington, Virginia 22202
(703) 415-0780

Amicus Curiae

MICHAEL P. BOUDETT
Counsel of Record
DENISE W. DEFRANCO
WILLIAM MCGEVERAN
FOLEY HOAG LLP
155 Seaport Boulevard
Boston, Massachusetts
02210-2600
(617) 832-1000

Attorneys for Amicus Curiae

TABLE OF CONTENTS

TABLE OF AUTHORITIES ii

INTEREST OF THE *AMICUS CURIAE* 1

SUMMARY OF THE ARGUMENT 2

ARGUMENT 3

I. THE FAIR USE DEFENSE PROMOTES FAIR COMPETITION AND MAINTAINS THE LONGSTANDING POLICY BALANCE CODIFIED IN THE LANHAM ACT 3

II. THE NINTH CIRCUIT'S INTERPRETATION IS CONTRARY TO THE RULES OF STATUTORY CONSTRUCTION 9

A. Statutory Construction 9

B. Avoidance of Potential First Amendment Issues 11

III. LIKELIHOOD OF CONFUSION MAY BE RELEVANT TO THE AVAILABILITY OF THE FAIR USE DEFENSE 13

CONCLUSION 19

TABLE OF AUTHORITIES

UNITED STATES SUPREME COURT CASES

Board of Trustees v. Fox, 492 U.S. 469 (1989).....12

Central Hudson Gas Co. v. Public Service Commission, 447 U.S. 557 (1980) 12

City of Chicago v. Environmental Defense Fund, 511 U.S. 328 (1994) 9

Dastar Corp. v. Twentieth Century Fox Film Corp., 123 S. Ct. 2041 (2003) 11

Edenfield v. Fane, 507 U.S. 761 (1993).....12

Edward J. DeBartolo Corp. v. Florida Gulf Coast Building & Construction Trades Council, 485 U.S. 568 (1988) 13

Eldred v. Ashcroft, 537 U.S. 186 (2003) 12

Lorillard Tobacco Co. v. Reilly, 533 U.S. 525 (2001) 12

Lowe v. Securities & Exchange Commission, 472 U.S. 181 (1985) 11

Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189 (1985) 7, 8, 9

Thompson v. Western States Medical Center, 535 U.S. 357 (2002) 12

United States v. Alaska, 521 U.S. 1 (1997) 10

Virginia Board of Pharmacy v. Virginia Citizens Consumer Council, 425 U.S. 748 (*1976*) 12

William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526 (1924) 3, 4, 17

OTHER CASES

Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2d Cir. 1976).....4

America Online, Inc. v. AT&T Corp., 243 F.3d 812 (4th Cir. 2001) 9

American Waltham Watch Co. v. United States Watch Co., 53 N.E. 141 (Mass. 1899).....3

AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979).....14

Cairns v. Franklin Mint Co., 292 F.3d 1139 (9th Cir. 2002).....5

Car-Freshener Corp. v. S.C. Johnson & Son, 70 F.3d 267 (2d Cir. 1995) 11

Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252 (9th Cir. 2001) 10

Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond's USA Co., 125 F.3d 28 (2d Cir. 1997) 15

Institute for Scientific Information, Inc. v. Gordon & Breach Science Publishers, Inc., 931 F.2d 1001 (3d Cir. 1991).....15

KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc., 328 F.3d 1061 (9th Cir. 2003).....5, 14

KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc., No. 00-276, slip. op. (C.D. Cal. May 16, 2001).....13, 17

Lindy Pen Co. v. Bic Pen Corp., 725 F.2d 1240 (9th Cir. 1984).....5

M.B.H. Enterprises, Inc. v. WOKY, Inc., 633 F.2d 50 (7th Cir. 1980).....13, 15

New Kids on the Block v. News America Publishing, Inc., 971 F.2d 302 (9th Cir. 1992).....5, 13

Packman v. Chicago Tribune Co., 267 F.3d 628 (7th Cir. 2001).....14

Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 718 F.2d 327 (9th Cir. 1983).....8

Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526 (5th Cir. 1998).....15

Playboy Enterprises, Inc. v. Netscape Communications Corp., 354 F.3d 1020 (9th Cir. 2004).....5, 7

Sands, Taylor & Wood Co. v. Quaker Oats Co., 978 F.2d 947 (7th Cir. 1992).....4, 16

Scandia Down Corp. v. Goose Down, Inc., 772 F.2d 1423 (7th Cir. 1985).....6

Shakespeare Co. v. Silstar Corp. of America, Inc., 110 F.3d 234 (4th Cir. 1997).....10, 15

Soweco, Inc. v. Shell Oil Co., 617 F.2d 1178 (5th Cir. 1980).....15

Sunmark, Inc. v. Ocean Spray Cranberries, Inc., 64 F.3d 1055 (7th Cir. 1995).....17

United States Shoe Corp. v. Brown Group, 740 F. Supp. 196 (S.D.N.Y. 1990).....7, 17

WCVB-TV v. Boston Athletic Association, 926 F.2d 42 (1st Cir. 1991).....16

Zatarain's Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786 (5th Cir. 1983).....14, 15

CONSTITUTIONAL PROVISIONS

U.S. Const. Art. I, § 8, cl. 8.....12

STATUTES

Copyright Act, 17 U.S.C. § 107.....5

Lanham Act § 2(e)(1), 15 U.S.C. § 1052(e)(1).....4

Lanham Act § 2(f), 15 U.S.C. § 1052(f).....4

Lanham Act § 14(3), 15 U.S.C. § 1064(3).....4, 12

Lanham Act § 15, 15 U.S.C. § 1065.....8

Lanham Act § 32(1)(a), 15 U.S.C. § 1114(1)(a) 9

Lanham Act § 33(b)(4), 15 U.S.C. § 1115(b)(4)..... *passim*

Lanham Act § 45, 15 U.S.C. § 1127 .....3, 12

SECONDARY MATERIALS

92 Cong. Rec. 7524 (1946) 9

S. Rep. No. 100-515 (1988) 6

8 Jerome Gilson et al., Trademark Protection and Practice § 33 (2000) 9

Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. Rev. 960 (1993) 11

William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J. Law & Econ. 265 (1987) 6

Suman Naresh, *Incontestability and Rights in Descriptive Trademarks*, 53 U. Chi. L. Rev. 953 (1986) 8

Restatement (Third) Of Unfair Competition § 28 cmt. b (1993) 16

AMICUS CURIAE BRIEF OF THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF REVERSAL

The American Intellectual Property Law Association ("AIPLA") respectfully submits this brief as *amicus curiae* in support of reversal.

INTEREST OF THE *AMICUS CURIAE*

The AIPLA is a national bar association of more than 15,000 members with interests and practices primarily in the areas of trademark, copyright, trade secret, patent, and other aspects of intellectual property law. Unlike areas of practice in which separate and distinct plaintiffs' and defendants' bars exist, most intellectual property law attorneys represent both intellectual property owners and alleged infringers.

The AIPLA has no interest in any party to this litigation or stake in the outcome in this case, other than its interest in seeking a correct interpretation of trademark law relating to the fair use defense.

In accordance with Supreme Court Rule 37.3(a), the AIPLA has obtained written consent to the filing of this brief from the counsel of record for both parties. The letters of consent have been filed with the Clerk of the Court.[1]

---

[1] In accordance with Supreme Court Rule 37.6, *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to any party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* and its counsel.

SUMMARY OF THE ARGUMENT

The Ninth Circuit erroneously precludes a "fair use" defense under § 33(b)(4) of the Lanham Act in cases where there is any likelihood of confusion. The Court should reject this rule, which emasculates the fair use defense and upsets the longstanding balance between competing policy goals. Strong protection of trademarks undoubtedly advances important private and public interests. However, without an effective fair use defense, trademark holders could prevent competitors from using descriptive words and images to tell the public about goods and services. This would stifle competition and reduce the quality and quantity of consumer information.

Principles of statutory construction suggest that this absolute rule should be overturned. The Ninth Circuit's reading of the fair use defense is not supported by the statutory text. Further, such a reading renders the "fair use" defense in § 33(b)(4) of the Lanham Act nugatory. A narrower reading, however, avoids serious First Amendment issues presented by an ineffective fair use defense.

On the other hand, this Court should avoid establishing any countervailing absolute rule against considering likelihood of confusion, as petitioner proposes. Depending on the facts of a particular case, evidence pertinent to confusion may be relevant to the elements of fair use set forth in the statute: non-trademark use, descriptiveness, and fairness and good faith in using the words to describe goods or services. By overruling the Ninth Circuit's erroneous limitation of the defense, yet avoiding an absolute rule in the opposite direction, this Court can protect the balance embodied in the Lanham Act.

ARGUMENT

I. THE FAIR USE DEFENSE PROMOTES FAIR COMPETITION AND MAINTAINS THE LONGSTANDING POLICY BALANCE CODIFIED IN THE LANHAM ACT

A principal purpose of trademark law is to protect the capacity of a mark to identify the source of goods or services. *See* Lanham Act § 45, 15 U.S.C. § 1127 (defining marks on this basis). At the same time, however, the law prevents trademark holders from controlling the use of commonplace words and images in everyday discourse. This policy balance is deeply rooted in the history of trademark law.

Justice Holmes, sitting on the Massachusetts Supreme Judicial Court over 100 years ago, stressed the importance of balancing these divergent goals. *See Am. Waltham Watch Co. v. United States Watch Co.*, 53 N.E. 141, 141 (Mass. 1899) ("The two desiderata cannot be had to their full extent, and we must fix the boundaries as best we can."). This Court amplified the conclusion in 1924:

> A name which is merely descriptive of the ingredients, qualities, or characteristics of an article of trade cannot be appropriated as a trademark and the exclusive use of it afforded legal protection. The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product.

William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 528 (1924).

Some twenty years after this decision, the Lanham Act codified safeguards against attempts to claim proprietary rights in descriptive language. For example, a term cannot be listed on the principal register as a mark if it is "merely descriptive," *see* Lanham Act § 2(e)(1), 15 U.S.C. § 1052(e)(1), and if a "registered mark becomes the generic name for the goods or services . . . for which it is registered" the registration can be cancelled, *id.* § 1064(3).

Despite these provisions, many ordinary English words gain trademark status. Some are descriptive marks which acquire secondary meaning identifying source. *See id.* § 1052(f). Others are "suggestive" marks, which bring attributes of the goods to mind, but only indirectly, such as GREYHOUND for a bus service. Still others are "arbitrary" marks – everyday words with no direct connection to the product being designated, such as APPLE for computers. *See generally Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976) (providing classic hierarchy of marks eligible for protection).

Although a designation attains trademark status in all of these situations, the longstanding policy balance still requires a safety valve for competitors who use an ordinary word or image, as the *Warner* Court put it, to "truthfully describe [their] own product[s]." 265 U.S. at 528. The so-called "fair use" defense serves as such a safety valve. The fair use defense provides an affirmative defense for an allegedly infringing use "of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services" of the party invoking the defense, provided that the use is "otherwise than as a mark." Lanham Act § 33(b)(4), 15 U.S.C. § 1115(b)(4). The Seventh Circuit has distilled these overlapping statutory requirements into three elements: (1) non-trademark use; (2) descriptiveness; and (3) fairness and good faith. *See Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 951 (7th Cir. 1992).[2]

The Ninth Circuit reaches beyond these statutory requirements to impose another. In the case at bar, the appeals court held that petitioner "can only benefit from the fair use defense if there is no likelihood of confusion." *KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc.*, 328 F.3d 1061, 1072 (9th Cir. 2003). This holding aligns with other Ninth Circuit precedent. *See, e.g., Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1029 (9th Cir. 2004) ("A fair use may not be a confusing use."); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002) (same); *Lindy Pen Co. v. Bic Pen Corp.*, 725 F.2d 1240, 1248 (9th Cir. 1984) (same).[3]

Not only is the Ninth Circuit's rule unsupported by a proper statutory construction, *see infra* Part II, it is contrary to longstanding trademark policy. This rule makes fair use much more difficult to plead and prove. The result is a weakened defense, which upsets the balance embodied in the Lanham Act. The Ninth Circuit's rule thwarts the fair competition goals at the heart of the Act itself.

Without a robust fair use defense, a trademark holder's competitors might not be able to describe their

---

[2] This provision is analytically distinct from the fair use provision of the Copyright Act, 17 U.S.C. § 107, which employs a different multi-factor test.

[3] The Ninth Circuit imposes this condition only on what it calls the "classic" fair use defense (where the accused infringer uses another party's trademark to describe its own goods). In "nominative" fair use cases (where the accused infringer uses the trademark to identify the trademark holder's goods), the Ninth Circuit employs an entirely different test. *See KP Permanent*, 328 F.3d at 1071-72; *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 307-08 (9th Cir. 1992). Nominative fair use is not involved in this case.

products and services – or at least not without the undue circumlocution necessary to avoid descriptive uses of words which have been used or registered as trademarks. Not only would this hamper that competitor in the marketplace, it would also constrain the flow of accurate product information to consumers, another important purpose of the Lanham Act. *See Scandia Down Corp. v. Goose Down, Inc.*, 772 F.2d 1423, 1429-30 (7th Cir. 1985) (discussing benefits of trademark law for consumers); S. Rep. No. 100-515, at 4 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5580 (noting, in context of Trademark Law Revision Act of 1988, importance of trademark law to consumers).

The universe of potential words that one could choose as a trademark to signify source is essentially infinite, encompassing the entire dictionary as well as proper names and coined fanciful terms such as "KODAK." The universe of words with the capacity to describe the attributes of a particular product is much smaller. The word must have meaning, and that meaning must apply to the product. Removing this more limited universe of words from commercial use impinges more significantly on open competition, with a negative ripple effect throughout the marketplace. The results include higher search costs for consumers – that is, greater difficulty for consumers to locate the goods and services they might wish to purchase. *See generally* William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J. LAW & ECON. 265, 287-95 (1987) (analyzing in economic terms the importance of maintaining competitors' access to descriptive terminology). Indeed, in today's economy, where the shopping process often begins online, the phrase "search costs" has literal import. If a business is unable to make fair use of descriptive terminology in its web site, then search

engines may omit the site or rank it lower when a consumer enters those descriptive words as search terms.[4]

A third anticompetitive result of weakening the fair use defense is the compliance cost imposed on firms. It is easier for a business to ensure it avoids infringement in the words or symbols it uses to identify the origin of its goods than to police all of its descriptions of its goods with the same rigor. In *United States Shoe Corp. v. Brown Group*, 740 F. Supp. 196 (S.D.N.Y. 1990), for example, the infringement accusation concerned a phrase buried in the text of a print advertisement stating that defendant's brand of women's shoe "feels like a sneaker." 740 F. Supp. at 197. Plaintiff's claim of infringement was based on its own prior use of the same phrase in its advertising campaigns. *See id.* The comparison to sneakers simply *described* what the shoe "feels like." The district court appropriately denied a preliminary injunction because it found the fair use defense applicable, although survey evidence suggested that the public might associate defendant's and plaintiff's advertisements with one another. *Id.* at 199-200. Under the Ninth Circuit's rule, however, marketers (and more likely their attorneys) would be bound to consider every sentence of the text in all their promotional materials and consider whether *any* likelihood of confusion about source arose from *any* of the language therein, no matter how obviously descriptive it might be.

Finally, the Ninth Circuit's rule contradicts an important basis for this Court's decision in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985). That

---

[4] A web site's use of descriptive words as part of its content is not the same as a search engine "keying" competitors' advertisements to trademarks entered as search terms. *Cf. Playboy Enters.*, 354 F.3d at 1025-26.

decision interpreted the Lanham Act to allow the holder of an "incontestable" mark to sue for trademark infringement, even if the mark in question could have been denied registration in the first instance – before it acquired secondary meaning – because it was merely descriptive. *Id.* at 196-97.[5] Critics of this interpretation worried that holders of incontestable marks could sue to prevent competitors from using them when truthfully describing their own goods. *See, e.g., id.* at 198-99 (describing respondent's argument); *id.* at 213-15 (Stevens, J., dissenting); *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 718 F.2d 327, 331 (9th Cir. 1983) (Kennedy, J.), *rev'd* 469 U.S. 189 (1985); Suman Naresh, *Incontestability and Rights in Descriptive Trademarks*, 53 U. CHI. L. REV. 953, 991-92 (1986). The Court's answer was straightforward: the drafters of the Lanham Act considered this objection, and addressed it with a number of provisions, in particular the § 33(b)(4) fair use defense. *See* 469 U.S. at 200-01. This response presupposes, however, that the fair use defense is in fact available whenever the three statutory requirements of § 33(b)(4) are satisfied. Under the Ninth Circuit's rule, this is not the case.

The Ninth Circuit's additional requirement for the fair use defense threatens to disrupt the careful balance embodied in the Lanham Act between granting trademark protection for the source-identifying meaning of ordinary words, and preserving the descriptive meaning of those same words for appropriate use by all competitors in the marketplace. The better balance, and the one intended by the

[5] In general, a mark may become "incontestable" if its holder certifies that it has been federally registered and remained in continuous use for five years, it is still in commercial use, there is no adverse judgment against its validity, and there is no pending proceeding against it. *See* Lanham Act § 15, 15 U.S.C. § 1065. Although an incontestable mark is immunized from certain challenges, it remains subject to others, including the fair use defense. *Id.* § 1115(b).

Lanham Act, shelters uses of language which serve a good-faith descriptive function alone – even where some likelihood of confusion might ensue.

II. THE NINTH CIRCUIT'S INTERPRETATION IS CONTRARY TO THE RULES OF STATUTORY CONSTRUCTION

A. Statutory Construction

Beginning the analysis with the statutory language itself, *see City of Chi. v. Envtl. Def. Fund*, 511 U.S. 328, 334-37 (1994); *Park 'N Fly*, 469 U.S. at 194, the text of the fair use provision does not support the Ninth Circuit's additional requirement that likelihood of confusion be absent. Congress devoted significant effort and attention to the exact scope and wording of § 33(b)(4). *See Park 'N Fly*, 469 U.S. at 198-99 (quoting statement of Rep. Lanham, 92 Cong. Rec. 7524 (1946)); 8 Jerome Gilson et al., TRADEMARK PROTECTION AND PRACTICE § 33 (2000) (excerpting extensive hearing testimony and legislative debate concerning phrasing and effect of fair use defense). The text specifies just three requirements: (1) non-trademark use; (2) descriptiveness; and (3) fairness and good faith. Under the statutory construction canon of *expressio unius*, there is no basis for grafting additional requirements onto those plain terms.

More fundamentally, the Ninth Circuit's holding effectively reads § 33(b)(4) out of the Lanham Act. Section 32 of the Act requires a trademark holder to demonstrate that the allegedly infringing use of its marks is "likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114(1)(a). Failure to prove likelihood of confusion results in no liability and a judgment for the accused infringer. *See, e.g., Am. Online, Inc. v. AT&T Corp.*, 243 F.3d 812, 819 (4th Cir. 2001). Thus, where likelihood of

confusion is absent, a defendant will always prevail because the plaintiff has failed to make out a *prima facie* case of liability.

Manifestly, then, to hold that the affirmative defense set forth in § 33(b)(4) applies only where likelihood of confusion is absent (as the Ninth Circuit does) is to state that the defense applies only when there is no claim in the first place. The defense is rendered entirely superfluous. This result contravenes the cardinal principle that a statute should not be interpreted in a way which renders any of its provisions nugatory. *See United States v. Alaska*, 521 U.S. 1, 59 (1997). As the Fourth Circuit has correctly noted, "A defense which can be considered only when the *prima facie* case has failed is no defense at all." *Shakespeare Co. v. Silstar Corp. of Am., Inc.*, 110 F.3d 234, 243 (4th Cir. 1997), *cert. denied*, 522 U.S. 1046 (1998).

Put differently, the Ninth Circuit's rule has an unfair burden-shifting effect. By requiring a party raising the affirmative defense of fair use to negate a necessary element of the plaintiff's case, the Ninth Circuit's rule effectively forces the accused infringer to assume the trademark holder's burden. This shift has practical as well as analytical importance. The issue of likelihood of confusion is complex and fact-intensive. It involves a multi-factor test and it often turns on evidence that is expensive and time-consuming to procure, such as a consumer survey. Some circuits, including the Ninth Circuit, consider summary judgment a disfavored method for adjudicating likelihood of confusion. *See Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1265 (9th Cir. 2001). Thus, under the Ninth Circuit rule, a party raising the fair use defense faces substantial costs and delay, and probably cannot secure an early disposition of the case against it.

All in all, mounting the fair use defense in the Ninth Circuit has become much more onerous than Congress intended. A proper construction of the Lanham Act makes clear that the defense applies whenever the three statutory requirements are satisfied. Imposing an additional burden is error.

B. Avoidance of Potential First Amendment Issues

The Ninth Circuit's interpretation of the fair use defense creates a serious potential First Amendment issue. Under another well-known canon of statutory construction, courts avoid interpretations which require unnecessary constitutional holdings.[6]

When a business describes its goods or services in advertising directed toward potential customers, it is engaging in constitutionally protected speech. Most trademark infringement cases do not turn on free speech issues because the prevention of consumer confusion typically outweighs such concerns. *See* Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 973 (1993). Where a non-trademark use of a descriptive term is involved, however, the scope of the fair use defense directly affects "the right of society at large to use words or images in their primary descriptive sense." *Car-Freshener Corp. v. S.C. Johnson & Son*, 70 F.3d 267, 269 (2d Cir. 1995).

If the fair use defense is not reasonably available, then the law might allow trademark holders to prevent good-

[6] *See, e.g., Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S. Ct. 2041, 2049 (2003) (avoiding interpretation of Lanham Act that might suggest Congress had unconstitutionally "created a species of perpetual patent and copyright"); *Lowe v. Sec. & Exch. Comm'n*, 472 U.S. 181, 204-05 & n.50 (1985) (interpreting provision of Investment Advisors Act so as to avoid potential conflict with commercial speech protection).

faith descriptive use of ordinary English-language words that happen to be trademarks. The Ninth Circuit rule, by constraining the fair use defense, potentially would violate First Amendment principles concerning commercial speech restrictions. *See Bd. of Trs. v. Fox*, 492 U.S. 469, 476-79 (1989) (requiring "reasonable fit" for commercial speech restrictions); *Cent. Hudson Gas Co. v. Pub. Serv. Comm'n*, 447 U.S. 557, 564-66 (1980) (establishing constitutional test for commercial speech restrictions).

The seriousness of this constitutional question must be judged against the backdrop of increasing protection for commercial speech interests in recent decisions of this Court. *See, e.g., Thompson v. W. States Med. Ctr.*, 535 U.S. 357, 368-77 (2002); *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 561-66 (2001). Trademark fair use implicates both types of interests at stake: those of businesses engaging in constitutionally protected speech directed toward potential customers, *see Edenfield v. Fane*, 507 U.S. 761, 767 (1993), and the mirror-image interests of consumers in receiving truthful commercial information, *see Va. Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748, 763 (1976).

The potential constitutional problem is also exacerbated because trademark rights have the potential to last forever. Once established, a trademark expires only if it goes unused for a period of time or becomes a generic name for goods so that it loses its function as a source identifier. *See* Lanham Act § 45, 15 U.S.C. § 1127 (defining "abandonment"); *see also id.* § 1064(3) (providing for cancellation of mark which becomes generic). In contrast, the Constitution requires that copyrights and patents last only "for limited times." U.S. CONST. Art. I, § 8, cl. 8; *Eldred v. Ashcroft*, 537 U.S. 186, 209-10 (2003). If the fair use defense is too constricted, a party with trademark rights in an ordinary word would effectively establish a *perpetual* monopoly over descriptive words.

Finally, the constitutional concern is especially pointed here because, according to the district court's findings, one party used the disputed language in its descriptive sense *before* the other party either used it or registered it as a mark. *See KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc.*, No. 00-276, slip op. at 8-9 (C.D. Cal. May 16, 2001). In this scenario, the trademark holder arguably has reached out to preclude others from using language which already had proven meaning and utility in the marketplace.

These First Amendment concerns are serious, but this Court need not address them in the present case. Instead, this Court should adhere to the traditional presumption that Congress intends its statutes to be consistent with the Constitution. *See Edward J. DeBartolo Corp. v. Fla. Gulf Coast Bldg. & Constr. Trades Council*, 485 U.S. 568, 575 (1988). By overruling the Ninth Circuit's interpretation of the fair use defense on the basis of its erroneous statutory construction and its inconsistency with the Lanham Act's policy balance, this Court would avoid deciding a serious constitutional question which might otherwise be presented.[7]

III. LIKELIHOOD OF CONFUSION MAY BE RELEVANT TO THE AVAILABILITY OF THE FAIR USE DEFENSE

While the Ninth Circuit's inflexible position is erroneous, the Court should eschew any broad pronouncement suggesting that likelihood of confusion is *never* relevant to the applicability of the fair use defense.

---

[7] Consistent with this principle, when circuit courts have been presented with First Amendment arguments in cases involving the fair use defense, they have based their holdings instead on narrower statutory grounds. *See New Kids*, 971 F.2d at 305; *M.B.H. Enters., Inc. v. WOKY, Inc.*, 633 F.2d 50, 56 (7th Cir. 1980).

Considerations related to the potential for customer confusion may – depending on the facts of a case – be an important factor in evaluating the three-part test set forth in § 33(b)(4).

Most circuits have adopted fairly complex multiple-factor tests for evaluating likelihood of confusion, with only slight variations between them. In the case at bar, the appeals court ruled that the Ninth Circuit's full eight-factor test must be applied to determine the absence of likelihood of confusion as a necessary precondition to the fair use defense. *See KP Permanent*, 328 F.3d at 1073 (citing *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)).[8]

Certain factors tend to be important throughout the various circuits' likelihood of confusion tests, particularly the similarity of the marks, any evidence of actual confusion, and the defendant's intent. *See Packman v. Chi. Tribune Co.*, 267 F.3d 628, 643 (7th Cir. 2001). By comparison, as noted above, the standard laid out in § 33(b)(4) for the fair use defense requires non-trademark use, descriptiveness, and fairness and good faith. In some cases, but not all, the underlying facts will cause these inquiries to overlap.

Intent to avoid customer confusion, for example – one of the eight factors relevant to likelihood of confusion – might bear on the fairness and good faith requirement for fair use as well. In *Zatarain's Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786 (5th Cir. 1983), for instance, plaintiff sold

[8] The factors in the Ninth Circuit, similar to those in other circuits, are: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines. *Sleekcraft*, 599 F.2d at 348-49.

a batter mix for frying fish under the trademark "FISH-FRI." Defendants, its competitors, sold similar batter mixes and referred to them descriptively as "fish fry," but used dramatically different trade dress. *Id.* at 788. Evidence indicated that defendants had done this consciously as an effort to avoid confusion, supporting the finding of good faith necessary for a fair use defense. *Id.* at 796.[9] Like distinctive trade dress, the prominent use of defendant's own marks in conjunction with a descriptive use also diminishes potential confusion and bolsters the argument for good faith. *See Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28, 30-31 (2d Cir. 1997); *M.B.H. Enters., Inc. v. WOKY, Inc.*, 633 F.2d 50, 54-56 (7th Cir. 1980).[10]

The same holds for the analysis of whether the defendant's use is descriptive alone rather than a source-identifying "as a mark." Evidence that consumers actually

[9] Respondent has argued, based on dicta in *Zatarain's*, 698 F.2d at 791, 796, that the Fifth Circuit views any likelihood of confusion as a bar to the fair use defense, much as the Ninth Circuit does. *See* Opposition to Certiorari at 7-8. Other Fifth Circuit cases, however, clearly state the opposite. *See Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 547 n.12 (5th Cir. 1998) ("a fair use of a term may be protected even if a likelihood of confusion exists."); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1189 n.30 (5th Cir. 1980) ("[E]ven if there were a likelihood of confusion, the defendant would still be entitled to its fair-use defense, so long as it had met the requirements of § 1115(b)(4)."). *Zatarain's* is better understood as using the lack of likelihood of confusion as an indication of good faith and non-trademark use.

[10] Of course, the good faith issue may turn instead on evidence that has no connection to consumer confusion. *See, e.g., Shakespeare*, 110 F.3d at 243 (affirming district court finding that defendant used characteristic feature of fishing rods for functional reasons and not to appropriate plaintiff's goodwill); *Inst. for Scientific Info., Inc. v. Gordon & Breach Sci. Publishers, Inc.*, 931 F.2d 1001, 1009 (3d Cir. 1991) (finding factual questions about defendant's violation of prior agreement suggested possible lack of good faith that would defeat fair use defense).

associate the purported fair use with the mark holder's products, for example, would tend to support both the likelihood of confusion *and* an inference that defendant's use is source-identifying. Likewise, the prominence and frequency of the use may bear on both inquiries. In a case involving the slogan "Gatorade is Thirst Aid," for example, the Seventh Circuit determined that constant and prominent repetition of plaintiff's mark "Thirst Aid" throughout Gatorade's substantial advertising effectively indicated source and was therefore ineligible for protection as a fair use. *Sands, Taylor & Wood*, 978 F.2d at 953-54; *see also WCVB-TV v. Boston Athletic Assn.*, 926 F.2d 42, 46 (1st Cir. 1991) (Breyer, J.) (noting that attention-getting symbol may suggest a supposedly descriptive use in fact signifies origin).

When litigating the fair use defense, either party may find it advantageous to proffer evidence that is related to likelihood of confusion, but neither should have any absolute burden to do so in order to prevail on fair use. Either side might offer, for example, customer surveys or evidence about the degree of actual confusion. Great similarity between the supposedly descriptive use and the trademark might suggest an effort to signify origin or affiliation. Evidence of intentional copying or other skullduggery may tend to show bad faith. All such evidence is the sort also used in likelihood of confusion analyses for purposes of determining infringement, as to which plaintiff bears the burden.

The end result is that a substantial likelihood of consumer confusion about the source of the goods in question may undermine the statutory elements of a fair use defense. There may also be situations where "some residual confusion is likely" but the defense is still allowed based on the totality of the relevant evidence. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 28 cmt. b (1993); *see, e.g., Cosmetically Sealed*, 125 F.3d at 31 (allowing fair use

defense despite "some degree of association in the public's mind between the defendant's [descriptive] phrase and the [plaintiff's] product"); *United States Shoe*, 740 F. Supp. at 200 (considering evidence of fair use alongside survey evidence by plaintiff purporting to show confusion, and finding fair use). As the *Warner* Court stated eighty years ago, the law allows one to "truthfully describe" a product even if consumer confusion results. 265 U.S. at 528.

The case at bar illustrates how the above principles might be applied to particular facts. Two uses of the term "microcolors" are alleged to infringe on the trademark held by Lasting Impressions. One of them is KP Permanent's use of the word "microcolor" on its bottles of ink. The district court cited concessions made by Lasting Impressions that this was a descriptive, non-trademark use. The court then found as fact that this was a prior and continuous use, and held that this fact demonstrated KP Permanent's good faith because there was no intent to misappropriate its competitor's good will. *KP Permanent*, No. 00-276, slip op. at 8-9; *see Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1058 (7th Cir. 1995) (deferring on appeal to such factual determinations). On these facts, the district court could be found to have appropriately adjudicated fair use, even though it did not delve at all into any questions directly related to likelihood of confusion.

On the other hand, the district court appears not to have rendered a separate decision concerning the other alleged infringement, a graphic label for a color chart in KP Permanent's brochures.[11] After examining the record, this

[11] The graphic displays the word "microcolor" in stylized fashion and somewhat prominently. Arguably, this was an attention-getting symbol – and a possible trademark use – about which Lasting Impressions made no concessions. This use also appears to have commenced after Lasting Impressions registered its "microcolors" trademark. *See KP Permanent*, No. 00-276, slip op. at 8-9.

Court may decide to remand the case for the factual findings necessary to apply fair use considerations to it. If so, the district court might well evaluate evidence on remand about consumers' reaction to and understanding of the graphic's function as an identifier of source, facts also relevant to a likelihood of confusion analysis. It should not be KP Permanent's burden, however, to demonstrate a total lack of likelihood of confusion under the circuit's eight-factor test.

In sum, evidence related to likelihood of confusion may or may not be pertinent to the statutory fair use factors. It is therefore inappropriate either to say that a full analysis of likelihood of confusion under the traditional factors must be completed before consideration of the fair use defense, or that likelihood of confusion has no bearing on fair use. This Court should reject both the Ninth Circuit's absolute rule and the petitioner's invitation to impose the opposite rule. This course of action best preserves the balance of trademark goals embodied in the text of the Lanham Act.

CONCLUSION

For the foregoing reasons, the AIPLA urges the Court to issue a narrow decision which reverses the Ninth Circuit's decision only insofar as it requires a proven absence of likelihood of confusion before a fair use defense under § 33(b)(4) of the Lanham Act may apply.

Respectfully submitted,

Michael P. Boudett
Counsel of Record
Denise W. DeFranco
William McGeveran
Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts
02210-2600
(617) 832-1000
Attorneys for Amicus Curiae

Rick D. Nydegger
President
American Intellectual Property
Law Association
2001 Jefferson Davis Hwy
Suite 203
Arlington, Virginia 22202
(703) 415-0780
Amicus Curiae

April 14, 2004